



Tourism & Events Department
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**To: Linda Dillenbeck, Chairperson
Tourism Development Commission**

From: Steve Geiogamah, Tourism Development Manager

Date: February 19, 2019

Subject: Staff Report – Tourism Reports

Bed Tax Collection Report

This report provides a summary of monthly tax collections for the city's transient occupancy tax (bed tax), hotel/motel sales tax and sales tax on miscellaneous retail and restaurant as a percentage change from the same period in the previous year.

Highlights for Business Activity in December 2018

December bed tax collections were up (141%) with YTD collections up (22%). Miscellaneous retail tax collections were up YTD (6%) and restaurants were up YTD (11%). This report is on a cash basis, so only the cash that is received within the month is included.

December YTD tax collections and hotel/resort classification report are not yet available and will be presented at the February meeting.

Tourism Program Special Revenue (Bed Tax) Proforma

The Tourism Program Proforma provides revenue and expenditures for the current and prior fiscal years as well as the adopted budget.

Highlights as of January 31, 2019

Proforma includes updated revenue collections, event and administrative expenditures. FY2018/19 estimated bed tax collections and lease revenue were increased by 3%.

Smith Travel Report

The City of Scottsdale contracts annually with Smith Travel Research (STR) to track hotel data (average room rate, occupancy, etc.) in the Scottsdale/Paradise Valley Market Area and its competing destinations.

Highlights for December 2018

Scottsdale Trend Report (59 properties)

Over the past 12 months occupancy (70%) was up (2.4%), average daily rate (\$200.85) was up (3.0%) and Rev Par (\$140.51) was up (5.5%) when compared to the same period last year.

Segment Trend Report (Transient, Group, Contract (37 properties report)

Over the past 12 months transient occupancy (40.4%) was up (1.8%) average daily rate (\$199.61) was up (4.0%) and rev par (\$80.62) was up (5.9%) when compared to the same period last year. Group occupancy (28.2%) was up (2.3%), average daily rate (\$208.52) was up (2.3%) and rev par (\$58.88) was up (4.6) when compared to the same period last year.

Regional Reports

Trend Scottsdale Downtown (17 properties report)

Over the past 12 months occupancy (74.8%) was up (4.5%) average daily rate (\$156.92) was up (1.3%) and Rev Par (\$117.45) was up (5.9%) when compared to the same period last year.

Trend Scottsdale Middle (31 properties report)

Over the past 12 months occupancy (68.3%) was up (3.2%) average daily rate (\$197.84) was up (2.7%) and Rev Par (\$135.05) was up (6.0%) when compared to the same period last year.

Trend Scottsdale North (11 properties report)

Over the past 12 months occupancy (69.0%) was down (-1.3%) average daily rate (\$246.72) was up (6.1%) and Rev Par (\$170.19) was up (4.6%) when compared to the same period last year.

Hotel Performance Indicator Definitions

Occupancy is calculated by rooms sold divided by rooms available multiplied by 100.

Average Daily Rate is calculated by taking room revenue divided by rooms sold.

Rev Par is calculated by dividing room revenue by rooms available.

SOURCE: STR, INC. REPUBLICATION OR OTHER RE-USE OF THIS DATA WITHOUT THE EXPRESS WRITTEN PERMISSION OF STR IS STRICTLY PROHIBITED.

Program Updates

Program updates will be provided at the February meeting.

BED TAX COLLECTION REPORT - FY 18/19
Prepared by the City of Scottsdale Tourism Events Department
February 19, 2019 (Preliminary)

Item 10a

This report provides a summary of monthly collections of City revenues that reflect activity in the Tourism Industry in Scottsdale. Column one shows the actual month of business activity, not the City receipt of the taxes.

Table 1 reports the bed tax, the hotel/motel sales tax, the sales tax on miscellaneous retail and the sales tax on restaurants as a percentage change from the same period in the previous year.

Table 2 provides Bed Tax collections by hotel classification (Resort, Full Service and Limited Service) and a comparison with the same period last year and FY17/18 property pre-classification. As a percentage of 8,875 total hotel rooms in the City as of August 2018. Resort hotels represent 44%, Full Service hotels 21%, and Limited Service hotels 35%.

*Bed Tax Classification Table reflects only funds received from a specific month. It does not include late payments received.

Table 1
Tourism Indicators as reflected in Monthly City Sales Tax Revenues
FY18-19 (July 1, 2018 through June 30, 2019) -- Change from the same period last year

Month of Business Activity	Period Share of Annual Total	FY 17/18 Bed Tax Collections	FY18/19 Bed Tax Collections	Room Rev. Tax Change	Hotel/Motel Tax Change	Misc. Retail Sales Tax Change	Restaurant Tax Change
June	5.9%	\$1,176,941	\$1,186,264	1.0%	-20.0%	37.0%	50.0%
¹ July	4.6%	\$902,085	\$856,484	-5.0%	-26.0%	-26.0%	-21.0%
August	4.7%	\$929,939	\$810,621	-13.0%	-31.0%	16.0%	7.0%
September	5.0%	\$999,185	\$1,486,663	49.0%	40.0%	14.0%	9.0%
² October	7.2%	\$1,436,557	\$1,737,825	21.0%	20.0%	13.0%	21.0%
November	7.7%	\$1,530,091	\$1,439,130	-6.0%	-11.0%	-14.0%	0.0%
³ December	4.3%	\$850,806	\$2,050,720	141.0%	712.0%	18.0%	14.0%
January	10.6%	\$2,098,049					
February	11.7%	\$2,310,012					
March	17.9%	\$3,558,035					
April	12.5%	\$2,475,752					
May	7.9%	\$1,557,545					
Year to date	100.0%	\$19,824,997	\$9,567,707	22.0%	17.0%	6.0%	11.0%

¹Decrease this month is due in part to the shift in a payment from August to July. Last year August had 5 payments. This year August only had 4 payments. Also there were a couple of delinquent taxpayers

²A year ago there were a few hotels that were under renovation which is causing the large increase.

³High variances for hotel/motel and bed tax this month for collections due to the large intercity transfer of taxes that were paid to us in error. Last January was when the Arizona Department of Revenue processed the transfer, which decreased last year's collections for the month.

City of Scottsdale
Tourism Development Fund
January 2019

	FY 2018/19 Adopted	FY 2018/19 Estimate	FY 2019/20 Estimate	FY 2020/21 Estimate	FY 2021/22 Estimate	FY 2022/23 Estimate
REVENUE						
Bed Tax	20,413,217	21,025,614	21,025,600	21,656,400	22,306,100	22,306,000
Princess Lease	1,910,000	1,959,916	1,914,800	1,914,800	1,914,800	1,914,800
Event Notification and Survey Program	13,500	11,440	13,500	13,500	13,500	13,500
Miscellaneous	7,000	10,500	7,000	7,000	7,000	7,000
TOURISM REVENUES	22,343,717	23,007,470	22,960,900	23,591,700	24,241,400	24,241,300
EXPENSES						
Destination Marketing (50% of bed tax revenue)	(10,206,609)	(10,512,807)	(10,512,800)	(10,828,200)	(11,153,000)	(11,153,000)
General Fund Allocation	(2,449,586)	(2,523,074)	(2,523,100)	(2,598,800)	(2,676,700)	(2,676,700)
Event Retention and Development						
<i>Event Retention and Development Undesignated, Uncommitted</i>	(997,131)	(636,360)	(725,567)	(1,037,874)	(1,089,001)	(1,160,837)
Multi-Year Event Funding Agreements						
Parada del Sol Parade (Council approved 07/05/17) Year 2 of a 5 year agreement	(79,400)	(79,400)	(79,400)	(79,400)	(79,400)	-
Fiesta Bowl (20 yr agreement since 2006) Year 13 of 20 year agreement	(168,109)	(168,109)	(174,833)	(181,827)	(189,100)	(196,664)
Scottsdale International Film Festival (Council approved 07/05/17) Year 2 of a 3 year agreement	(37,500)	(37,500)	(37,500)	-	-	-
NCHA Cutting Horse Event (Council approved 03/07/17) Balance of the 2 year agreement	-	(9,267)	-	-	-	-
The Scottsdale Gallery Association (Council approved 08/29/17) Year 2 of a 3 year agreement	(75,000)	(75,000)	(75,000)	-	-	-
Parada del Sol Rodeo (Council approved 11/28/17) Year 2 of 3 year agreement	(75,000)	(75,000)	(75,000)	-	-	-
Scottsdale Culinary Event (Council approved 01/08/18) Year 2 of 3 year agreement	(75,000)	(75,000)	(75,000)	-	-	-
Total Multi Year Event Funding Agreements	(510,009)	(519,276)	(516,733)	(261,227)	(268,500)	(196,664)
One Year Event Funding Agreements						
International Off Road Expo (Council approved 11/13/17, Council approved 08/29/18)	-	(54,000)	-	-	-	-
Fahrenheit Festival (Council approved 03/20/18)	-	(75,000)	-	-	-	-
Cinco de Mario (Council approved 03/20/18)	-	(70,000)	-	-	-	-
Día de los Muertos (pending Council approval on 09/25/18)	-	(65,000)	-	-	-	-
City Baseball/Softball outfield fencing (Council approved 08/28/18)	-	(17,482)	-	-	-	-
Food & Wine Event (Council approved on 9/25/18)	-	(75,000)	-	-	-	-
ArtFest (Council approved on 11/13/18)	-	(15,000)	-	-	-	-
Off-Road Expo Event (Council approved 01/08/19)	-	(75,000)	-	-	-	-
<i>One Year Event Funding Agreements - Estimated Undesignated</i>	-	-	(320,000)	(320,000)	(320,000)	(320,000)
Total One Year Event Funding Agreements	-	(446,482)	(320,000)	(320,000)	(320,000)	(320,000)
Event Funding Programs						
Matching Event Advertising Funding Program	(110,000)	(88,325)	(110,000)	(110,000)	(110,000)	(110,000)
Event Venue Fee Program	(20,000)	(16,238)	(20,000)	(20,000)	(20,000)	(20,000)
Community Events Program	(200,000)	(185,625)	(200,000)	(200,000)	(200,000)	(200,000)
Total Event Programs	(330,000)	(290,188)	(330,000)	(330,000)	(330,000)	(330,000)
Total Events	(1,837,139)	(1,892,305)	(1,892,300)	(1,949,100)	(2,007,500)	(2,007,500)
Administrative/Other Professional Services						
Administrative Expenses	(726,529)	(751,025)	(751,000)	(776,200)	(802,300)	(802,300)
Tourism Research	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)
Total Admin/Other	(816,529)	(841,025)	(841,000)	(866,200)	(892,300)	(892,300)
Multi-year Commitments for Capital Projects						
WestWorld debt service (80-acres started FY 2006/07, ends FY 2034/35)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
TNEC Equestrian Center debt service (started FY 2012/13, ends FY 2032/33)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
Museum of the West debt service (started FY 2014/15, ends FY 2033/34)	(892,963)	(892,963)	(889,200)	(889,500)	(893,900)	(891,900)
TPC renovations debt service (started FY 2014/15, ends FY 2033/34)	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)	(900,000)
Total Capital Projects	(3,592,963)	(3,592,963)	(3,589,200)	(3,589,500)	(3,593,900)	(3,591,900)
TOTAL EXPENSES	(18,902,826)	(19,362,174)	(19,358,400)	(19,831,800)	(20,323,400)	(20,321,400)
CARRYOVER						
Beginning Balance	8,362,533	8,362,533	7,838,594	8,264,694	8,820,294	9,506,994
Current year fund balance - <i>available for capital projects (up to \$600,000 per project)</i>	3,440,891	3,645,297	3,602,500	3,759,900	3,918,000	3,919,900
TOTAL CARRYOVER FUNDS	11,803,424	12,007,830	11,441,094	12,024,594	12,738,294	13,426,894
Carryover Uses						
Trolley Expenses - transfer out to the Transportation Fund	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)
Event Notification and Survey Program, Banner Program	(20,347)	(20,347)	(20,300)	(20,300)	(20,300)	(20,300)
Museum of the West donation match (match was reinstated in FY 2018/19 to be an ongoing expense)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)	(400,000)
Museum of the West one-time advertising funds	(200,000)	(200,000)	-	-	-	-
Promotion of downtown	(1,500,000)	(1,500,000)	(1,529,100)	(1,555,200)	(1,580,500)	(1,607,100)
Electrical outlets downtown	(288,483)	(288,483)	-	-	-	-
WestWorld marketing fee - transfer out to General Fund	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Sky Harbor Connections Program (Council approved \$0.3 million, but only used \$159K 05/12/18)	-	(159,249)	-	-	-	-
Canal Convergence (Council approved 06/27/17 \$650K - Council approved 04/10/18 \$240K)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)
Operational rentals for special events	(75,000)	(75,000)	(77,000)	(78,800)	(80,500)	(82,300)
Undesignated, unassigned carryover (will be removed from the budget in FY 2019/20)	(331,000)	-	-	-	-	-
TOTAL CARRYOVER USES	(3,964,830)	(3,793,079)	(3,176,400)	(3,204,300)	(3,231,300)	(3,259,700)
ENDING BALANCE	7,838,594	8,214,751	8,264,694	8,820,294	9,506,994	10,167,194

	FY 2018/19	
	Estimate	Committed YTD
Event Funding Programs		
Matching Event Advertising Funding Program	(110,000)	(88,325)
Event Venue Fee Program	(20,000)	(16,238)
Community Events Program	(200,000)	(185,625)
Total	(330,000)	(290,188)
		(39,812)